China and the United States: Looking Forward 40 Years

Joseph S. Nye Jr.

Abstract This essay provides *insights into future global governance* from the scholar who invented the concept of soft power. China as its strategic weight grows increasingly insists on setting standards and rules. The United States resists, *global institutions like the WTO atrophy*, and appeals to sovereignty increase. *One possible future is a China-dominated world order*. China's economy could well surpass that of a declining United States by the mid-2020s. With Western economies having been weakened relative to China by the pandemic, China's government and major companies are able to reshape institutions and set standards to their liking. However, in a more universal future, *public opinion in many democracies begins to place a higher priority on climate change*. Even before COVID-19, one could foresee an international agenda in 2030 defined by *countries' focus on green issues*. If the US president introduces a "COVID Marshall Plan" to provide prompt access to vaccines for poor countries and to strengthen the capacity of their health care systems, much like the Marshall Plan of 1948, it could have a profound effect on shaping the geopolitics of the ensuing decade. Such leadership could *enhance US soft power* and, by 2030, could have a similarly significant geopolitical impact.

Keywords Insights into future global governance from the scholar who invented the concept of soft power • Global institutions like the WTO atrophy • One possible future is a China-dominated world order • Public opinion in many democracies begins to place a higher priority on climate change • By countries' focus on green issues • "COVID Marshall Plan" • Enhance US soft power

1 Four Phases of Recent History

Since the end of World War II, United States–China relations have gone through three phases that lasted roughly two decades each. Looking back 40 years, Jimmy Carter established diplomatic relations, but before that, hostility marked the 20 years after

J. S. Nye Jr. (✉)

Harvard's Kennedy School of Government, Cambridge, USA

© The Author(s) 2021

H. Wang and A. Michie (eds.), *Consensus or Conflict?*, China and Globalization,
https://doi.org/10.1007/978-981-16-5391-9_33

365

the Korean War, followed by limited cooperation against the Soviet Union during the phase that followed President Richard Nixon's famous 1972 visit.

The Cold War's end ushered in the third phase of economic engagement, with the United States helping China's global economic integration, including its entry into the World Trade Organization in 2001. Yet in the first post-Cold War decade, President Bill Clinton's administration hedged its bets by simultaneously strengthening the United States–Japan alliance and improving relations with India. After 2017, in the fourth phase, Donald Trump's National Security Strategy focused on great power rivalry, with China and Russia designated as America's main adversaries. While the election of Joseph Biden will make United States–China relations more orderly and predictable, it will not end this fourth phase any time soon.

While many Chinese analysts blame this fourth phase on Trump, Chinese leaders are also to blame. By rejecting Deng Xiaoping's prudent policy of maintaining a low international profile and by proclaiming a nationalistic "China Dream," Chinese leaders showed nationalism on the rise, and many Chinese began to proclaim American decline. These attitudes and behavior were noticed within the United States, and public opinion about China had already begun to sour before the 2016 presidential election. Trump's rhetoric and tariffs were merely gasoline poured on a smoldering fire.

The liberal international order helped China sustain rapid economic growth and reduce poverty dramatically. But China also tilted the trade field to its advantage by subsidizing state-owned enterprises, engaging in commercial espionage, and requiring foreign firms to transfer their intellectual property to domestic "partners." While most economists argued that Trump was mistaken to focus on the bilateral trade deficit, many supported his complaints about China's efforts to challenge America's technological advantage. Moreover, China's growing military strength added a security dimension to the bilateral relationship. While this fourth phase of the relationship is not a cold war, owing to the high degree of interdependence, it is much more than a typical trade dispute.

Some analysts believe this fourth phase marks the beginning of a conflict in which an established hegemon goes to war with a rising challenger. In his explanation of the Peloponnesian War, Thucydides famously argued that it was caused by Sparta's fear of a rising Athens. Some see the two countries entering a Cold War, and even argue that the two countries are destined for war. I am not this pessimistic. In my view, economic and ecological interdependence reduces the probability of a Cold War and give the two countries an incentive to cooperate and build institutions in a number of areas. At the same time, miscalculation is always possible, and some analysts even cite 1914 and the chance of "sleepwalking" into a hot war as happened with World War I. I am not this pessimistic, but humans make mistakes.

2 The Dangers of Miscalculation

History is replete with cases of misperception about changing power balances. For example, when Nixon's visited China in 1972, he wanted to balance what he saw as growing Soviet power, but he also interpreted as a decline what was really the return to normal of America's artificially high share of world product after World War II. He proclaimed multipolarity when what actually transpired was the end of the Soviet Union and America's unipolar moment at the end of the century. Today some Chinese analysts underestimate the resilience of the US culture and predict Chinese dominance over a declining America, but this could turn out to be a dangerous miscalculation.

It is equally dangerous for Americans to over or under estimate Chinese power, and Washington has groups with economic and political incentives to do each. Measured in dollars, China is about two-thirds the size of the American economy. Many economists expect China to pass the United States as the world's largest economy sometime in the 2030s, depending on what one assumes about the rates of Chinese and American growth. As Clinton's Secretary of Treasury Lawrence Summers posed the future foreign policy question: "Can the United States imagine a viable global economic system in 2050 in which its economy is half the size of the world's largest? Could a political leader acknowledge that reality in a way that permits negotiations over what such a world would look like?" One could add the question of whether Chinese and Americans can learn to cooperate on producing global public goods under such a future distribution of power.

Thucydides famously attributed the Peloponnesian war to two causes: the rise of new power, and the fear that it creates in an established power. Most people focus on the first half of his statement, but the second is equally important. The United States and China must avoid exaggerated fears that could create a new cold or hot war. Even if China someday passes the United States in total economic size, that is not the only measure of geopolitical power. China ranks well behind the United States in soft power indices, and US military expenditure is four times that of China. While Chinese military capabilities have been increasing in recent years, analysts who look carefully at the military balance conclude that China will not be able to exclude the United States from the Western Pacific.

On the other hand, the United States was once the world's largest trading nation and its largest bilateral lender. Today nearly 100 countries count China as their largest trading partner, compared with only 57 that have such a relationship with the United States. China plans to lend more than USD 1 trillion for infrastructure projects with its "Belt and Road Initiative" over the next decade, while the United States is cutting back aid. China will gain economic power from the sheer size of its market as well as its overseas investments and development assistance. Overall, Chinese power relative to the United States is likely to increase.

Nonetheless, the United States will retain some long-term power advantages that are likely to persist regardless of the current actions of China or the Trump Administration. One is geography. The United States is surrounded by oceans and neighbors that are likely to remain friendly. China has borders with 14 countries and has territorial disputes with India, Japan and Vietnam that set limits on its soft power. Energy is another American advantage. A decade ago, the United States seemed hopelessly dependent on imported energy. Now the shale revolution has transformed North America from an energy importer to exporter at the same time that China is becoming more dependent on energy imports from the Middle East, and transport through the Indian Ocean.

The United States also has demographic advantages. It is the only major developed country that is currently projected to hold its place (third) in the demographic ranking of countries. While the rate of American population growth has slowed in recent years, it is not shrinking in population as will happen to Russia, Europe, and Japan. China will soon lose its first-place population rank to India, and the size of its working-age population will decline in the coming decade. America also remains at the forefront in the development of key technologies (bio, nano, information) that are central to this century's economic growth, and American research universities dominate higher education. China is investing heavily in R&D, and competes well in some fields now, but those who proclaim *Pax Sinica* and the end of the American era fail to take the full range of power resources.

American complacency is always a danger; but, also dangerous is a lack of confidence, and exaggerated fears, that lead to over-reaction. The United States holds high cards in its poker hand, but hysteria could make the United States fail to play its cards skillfully. Discarding our high cards of alliances and international institutions is a case in point.

3 The Role of Institutions

Donald Trump may have despised international institutions, but his presidency reminded the world of the importance of effective and resilient ones. In the 2016 election, Trump campaigned on the argument that the post-1945 multilateral institutions had let other countries benefit at the expense of America. Of course, the populist appeal of Trump rested on far more than foreign policy. Trump successfully linked domestic resentments to foreign policy by blaming economic problems on "bad" trade deals with countries like Mexico and China, and on immigrants competing for jobs. The post-1945 liberal international order was cast as a villain.

From FDR to Trump, American presidents were never perfect institutional liberals. Nonetheless, prior to 2016, American presidents, in most instances, supported international institutions and sought their extension, whether it was the Non-Proliferation Treaty under Lyndon Johnson, arms control agreements under Nixon, the Rio de Janeiro agreement on climate change under George H.W. Bush,

the World Trade Organization and the Missile Technology Control Regime under Clinton, or the Paris climate agreement under Barack Obama.

Of course, institutions can sometimes lose their value and become illegitimate. The Trump administration claimed that institutions such as the WTO had “Gulliverized” the United States: Lilliputians were using multilateral institutional threads to constrain the American giant from using the power it would have in any bilateral negotiation.

Institutions are not magic, but they do create valuable patterns of behavior. Multilateral institutions are more than formal organizations, which sometimes ossify and need to be reformed or discarded. Even more important is the whole regime of rules, norms, networks, and expectations that create social roles, which entail moral obligations, and the United States can also use such institutions to bind others to support global public goods that are on its own and others’ long-term interests.

The United States needs a network of multilayered partnerships with others. Foreign partners help when they want to, and their willingness is affected not just by America’s hard military and economic power, but also by its soft power of attraction, based on an open and inclusive culture, liberal democratic values and policies that are widely perceived as legitimate. Now, with less preponderance and facing a more complex world, the United States must cooperate with others, and use its soft power to attract their cooperation. America will need to exercise power with as well as power over others. The success of Joe Biden’s foreign policy will depend on how quickly we can relearn these institutional lessons.

Many of the current changes in the world are directly or indirectly related to China’s recent past and expected future economic growth. This makes it even more important to further strengthen and develop institutions in order to create a balance between what China presents as its “benevolent rise” that will result in shared prosperity and the perception of China in the West as a highly disruptive potential threat that must be guarded against.

4 An International Order Beyond the Pax Americana

During the 1990s and 2000s, neither China nor Russia could balance American power, and the United States overrode sovereignty in pursuit of liberal values. Critics describe this record as post-Cold War American hubris—Russia and China felt deceived, for example, when the NATO-led intervention in Libya resulted in regime change. On the other hand, defenders portray it as the natural evolution of international humanitarian law.

In any case, the growth of Chinese and Russian power has set stricter limits to liberal interventionism. They stress the norm of sovereignty in the UN Charter, according to which states can go to war only for self-defense or with Security Council approval.

As for economic relations, the rules will require revision. Well before the pandemic, China’s hybrid state capitalism underpinned an unfair mercantilist model

that distorted the functioning of the World Trade Organization. The result will be a decoupling of global supply chains, particularly where national security is at stake. China decries US restrictions on companies like Huawei from building 5G telecommunications networks in the West, consistent with sovereignty, but China has also long prevented Google, Facebook, and Twitter from operating in China for security reasons.

By contrast, ecological interdependence poses an insurmountable obstacle to sovereignty, because the threats are transnational. Regardless of setbacks for economic globalization, environmental globalization will continue, because it obeys the laws of biology and physics, not the logic of contemporary geopolitics.

In this context, it is not enough to think of exercising power over others. We must also think in terms of exercising power with others. The Paris climate agreement and the World Health Organization help us as well as others.

Since Richard Nixon and Mao Zedong met in 1972, China and the United States have cooperated despite ideological differences. The difficult question for Biden will be whether the United States and China can cooperate in producing global public goods while competing in the traditional areas of great power rivalry.

The decision President Biden now faces is not whether to restore the liberal international order. It is whether the United States can work with an inner core of allies to promote democracy and human rights while cooperating with a broader set of states, especially China, to manage the rules-based international institutions needed to face transnational threats such as climate change, pandemics, terrorism, and economic instability.

5 What Makes America Exceptional Now?

In July 2020, I joined 43 other scholars of international relations in paying for a newspaper advertisement arguing that the United States should preserve the current international order. The institutions that make up this order have contributed to “unprecedented levels of prosperity and the longest period in modern history without war between major powers. US leadership helped to create this system, and US leadership has long been critical for its success.” Critics correctly pointed out that the American order after 1945 was neither global nor always very liberal, while defenders replied that while the order was imperfect, it produced unparalleled economic growth and allowed the spread of democracy.

Americans often see their country as exceptional and there are sound analytical reasons to believe that if the current largest economy does not take the lead in providing global public goods, such goods—from which all can benefit—will be under-produced. This is one source of American exceptionalism. Of course, if China becomes the world’s largest economy, its cooperation will also be needed to create effective institutions to produce and protect global public goods.

Economic size makes the United States different, but analysts like Daniel H. Deudney of Johns Hopkins University and Jeffrey W. Meiser of the University of

Portland argue that the core reason that the United States is widely viewed as exceptional is its intensely liberal character and an ideological vision of a way of life centered on political, economic, and social freedom.

American foreign policy tends to oscillate between inward and outward orientations. President George W. Bush was an interventionist; his successor, Barack Obama, was less so. And Donald Trump was mostly non-interventionist. What should we expect from Joe Biden?

Protected by two oceans, and bordered by weaker neighbors, the United States largely focused on westward expansion in the nineteenth century and tried to avoid entanglement in the struggle for power then taking place in Europe. By the beginning of the twentieth century, however, America had replaced Britain as the world's largest economy, and its intervention in World War I tipped the balance of power. And yet by the 1930s, many Americans had come to believe that intervention in Europe had been a mistake and embraced isolationism.

After World War II, Presidents Franklin Roosevelt and Harry Truman—and others around the world—drew the lesson that the United States could not afford to turn inward again. Together, they created a system of security alliances, multilateral institutions, and relatively open economic policies that comprise Pax Americana or the “liberal international order.” Whatever one calls these arrangements, for 70 years, it has been US foreign policy to defend them.

Today, they are being called into question by the rise of powers such as China and a new wave of populism within the world's democracies, which Trump tapped in 2016. A key question now is can President Biden promote democratic values without military intervention and crusades, and at the same time take a non-hegemonic lead in establishing and maintaining the institutions needed for a world of interdependence?

Public opinion polls also show public support for international organizations, multilateral action, human rights and humanitarian assistance. As I show in my recent book, *Do Morals Matter? Presidents and Foreign Policy from FDR to Trump*, no one mental map fits all circumstances. There is little reason to expect the public to have a single consistent view.

Broadly defined, intervention refers to actions that influence the domestic affairs of another sovereign state, and they can range from broadcasts, economic aid, and support for opposition parties to blockades, cyber attacks, drone strikes, and military invasion. From a moral point of view, the degree of coercion involved is important in terms of restricting local choices and rights.

Some liberals argue that the promotion of democracy is America's duty, but there is an enormous difference between the promotion of democracy through coercive and non-coercive means. The means are often as important as the ends.

Where will Biden land on the spectrum of interventions intended to promote security, democracy, and human rights? His history of good judgment and contextual intelligence are encouraging, but also bear in mind that sometimes surprises occur, and events take control.

But after international polls show that America's soft power of attraction has declined sharply over Trump's presidency, can President Biden restore that trust? In the short run, yes. A change of style and policy will improve America's standing

in most countries. In contrast to Trump, Biden is a well-vetted politician with long experience in foreign policy derived from decades in the Senate and eight years as vice president. Since the election, his initial statements and appointments have had a profoundly reassuring effect on allies.

Trump chose narrow transactional definitions and, according to his former national security adviser, John Bolton, sometimes confused the national interest with his own personal, political, and financial interests, with a disdain for alliances and multilateralism, which he readily displayed at meetings of the G7 or NATO.

Biden has rejoined the Paris climate agreement and the World Health Organization, and his reassurances about NATO, will have an immediate beneficial effect on US soft power. But Biden will still face a deeper trust problem. Many allies are asking what is happening to American democracy. How can a country that produced as strange a political leader as Trump in 2016 be trusted not to produce another in 2024 or 2028? Is American democracy in decline making the country untrustworthy?

Domestically, perhaps the best demonstration of the underlying strength and resilience of American democratic culture was the 2020 election. Despite the worst pandemic in a century and dire predictions of chaotic voting conditions, a record number of voters turned out, and the thousands of local officials regarded the honest execution of their tasks as a civic duty. Contrary to the left's predictions of doom and the right's predictions of fraud, American democracy proved its strength and deep local roots.

6 Conclusion

The information revolution and globalization are changing world politics dramatically. On transnational issues like COVID-19 and climate change, power becomes a positive-sum game. As I argue in *Do Morals Matter?*, it is not enough to think of power over others; one must also consider power with others. Chinese and American leaders must both learn this lesson. On many transnational issues, empowering others helps a country accomplish its own goals. For example, all can benefit if others improve their energy efficiency, or improve their public health systems.

There is no single future until it happens. The fate of the United States, of China, or of the world as a whole is not yet sealed. With the election of Joe Biden, the distribution of COVID-19 vaccines, and a return to a pre-Trump semblance of normalcy in global politics, it may seem like the dust is settling a little.

However, there are many challenges that await the new international order, whether it be established by the United States or by China, or by both of them together. Chief among these are technology and the environment, which bring with them both benefits in what they can do and challenges in their management. One certainty is that global interconnectedness is here to stay and isolation is not an option. The only path forward is through cooperation and engagement.

We need not become involved in a new Cold War, much less a devastatingly hot war. As we look ahead 40 years and Chinese power grows, both countries will have

to adapt. We will be involved in a “cooperative rivalry” and should not lose sight of either part of that description.

Joseph S. Nye Jr. is the University Distinguished Service Professor, Emeritus and former Dean of Harvard’s Kennedy School of Government. He won a Rhodes Scholarship to Oxford University, and earned a Ph.D. in political science from Harvard. He has served as Assistant Secretary of Defense for International Security Affairs, Chair of the National Intelligence Council, and Deputy Under Secretary of State for Security Assistance, Science and Technology. His books include: *Soft Power: The Means to Success in World Politics* (2004); *Do Morals Matter? Presidents and Foreign Policy from FDR to Trump* (2020), *The Powers to Lead* (2008), *The Future of Power* (2011) and *Is the American Century Over?* (2015). He is a fellow of the Academy of Arts and Sciences, the British Academy, and the American Academy of Diplomacy.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits any noncommercial use, sharing, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if you modified the licensed material. You do not have permission under this license to share adapted material derived from this chapter or parts of it.

The images or other third party material in this chapter are included in the chapter’s Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter’s Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.